

# Smartlink US Dollar Managed Fund

## November 2017



BLOOMBERG: AZUSMGD:IJ

### INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

### INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year Period	<b>6.19%</b>
Best Month	<b>9.61%</b> Dec-08
Worst Month	<b>-10.66%</b> Oct-08

#### Portfolio Breakdown

Treasury Bonds	<b>73.05%</b>
Govt. Related Bond	<b>17.20%</b>
Cash/Deposit	<b>9.75%</b>

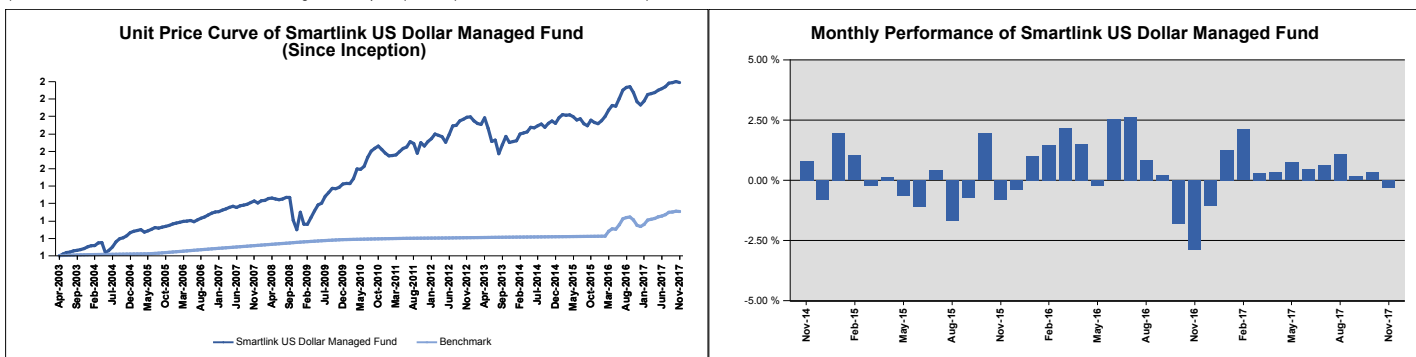
#### Top Five Bonds Holding

Pertamina 2022	<b>14.02%</b>
RI0038	<b>5.84%</b>
RI0521	<b>5.27%</b>
RI0727	<b>5.06%</b>
RI0124	<b>4.67%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink US Dollar Managed Fund	<b>-0.31%</b>	<b>0.18%</b>	<b>2.38%</b>	<b>6.19%</b>	<b>13.26%</b>	<b>7.32%</b>	<b>111.47%</b>
Benchmark*	<b>-0.15%</b>	<b>0.39%</b>	<b>2.74%</b>	<b>7.42%</b>	<b>14.50%</b>	<b>8.13%</b>	<b>28.45%</b>

\*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)

(Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



### KEY FUND FACTS

<b>Fund Size (in mio USD)</b>	: USD 60.78
<b>Risk Profile</b>	: Moderate
<b>Launch Date</b>	: 07 Apr 2003
<b>Fund Currency</b>	: United States Dollar
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily	
Price per Unit	<i>Bid</i>	<i>Offer</i>
(As of Nov 30, 2017)	: USD 2.0090	USD 2.1147
Bid-Offer Spread	: 5.00%	
Management Fee	: 1.00% p.a.	

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Nov 2017 inflation at +0.20% mom (vs consensus inflation +0.29%, +0.01% in Oct 2017). On yearly basis, inflation was lower to +3.30%yoy (vs consensus inflation +3.41%, +3.58% in Oct 2017). Core inflation was printed at +3.05%yoy (vs 3.07% in Oct 2017). Inflation was mainly caused by higher food ingredients also processed food, beverage, cigarette and tobacco prices. In the Board of Governors' Meeting on 16 Nov 2017, Bank Indonesia maintained the BI 7-day Reverse Repo Rate at 4.25%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 3.50% and 5.00% respectively. Rupiah appreciated by +0.43% to 13,514/USD at end of Oct 2017 from 13,572/USD in previous month. Trade balance booked surplus of USD 0.90bn (non-oil and gas surplus USD 1.69bn, oil and gas deficit USD 0.79bn) in Oct 2017. Export rose by +18.39% YoY mostly driven by ore, crust and metal ash, while imports rose by +23.33% YoY. Indonesia's foreign reserves decreased USD 2.85bn to USD 126.55bn in Oct 2017 from USD 129.40bn in Sep 2017. The decrease was primarily attributable to foreign debt repayment and Rupiah stabilization also related to the reduction of foreign exchange placement in central bank for the need of payment.

USD government bond yields closed higher across the curve in Nov 2017 a lack of more hawkishness from Fed and BoE as well as concern related to US tax plan which the tax cuts will increase the US debt. BoE raised rate by 25bps to 0.50%, citing higher inflation since the Brexit vote, but signaled "very gradual" further tightening over the next three years. Market rallied at the beginning of the month that triggered by some events such as the Fed decided to holds the rate as expected, Powell to be pointed as a Fed Chairman and prediction that IGB (Indonesian government bond) will be included in the global index by next year. The Indonesian government did pre-funding bond issuance 2018 totaling USD4bn using SEC Registered Standalone format with detail: 5yr tenor USD1bn at ytm 3%, 10yr tenor USD1.25bn at ytm 3.55% and 30yr tenor USD1.75bn at ytm 4.4%. Indonesia's CDS 5yr level was relatively stable from 94/95 to 92/95. The 5Y yield Nov 2017 ended +17bps higher to 2.97% (2.80% in Oct 2017), 10yr tenor ended +6bps higher to 3.62% (3.56% in Oct 2017), and 30yr ended +6bps higher to 4.52% (4.46% in Oct 2017).

In regards to our recent portfolio we maintain the strategy, and will opportunistically add weight from fresh money should there be a correction in the fixed income market.